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Digital Transformation and Strategic Capability of Money Deposit Banks in Rivers State

Macaulay E. Wegwu
University of Port Harcourt, Abuja, Nigeria
sirenjournals@gmail.com

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Abstract

Purpose: This study examines how digital transformation influences the strategic capability of deposit money banks in Nigeria, particularly in light of persistent operational challenges despite significant digital investments.

Research Methodology: A survey research design was adopted. Data were collected from 91 managers and heads of departments across 15 DMBs using a proportionate sampling technique. The Pearson product moment correlation coefficient was employed to analyze the relationships between DT variables and the dimensions of SC.

Results: The findings reveal that digital strategy and digital customer experience positively and significantly correlate with the three dimensions of strategic capability: strategic sensing, strategic seizing, and strategic reconfiguring ($p < 0.01$). This indicates that well-implemented digital transformation initiatives strengthen banks' dynamic capabilities.

Conclusions: When strategically aligned and customer-focused, digital transformation enhances banks' ability to sense opportunities, seize market advantages, and reconfigure resources effectively, thereby improving long-term competitiveness in a dynamic financial environment.

Limitation: This study is limited to deposit money banks in Rivers State and relies on cross-sectional survey data, which may limit generalizability and causal inference.

Contributions: This study provides empirical evidence on the link between digital transformation and dynamic strategic capabilities in the Nigerian banking sector. It offers practical insights for bank executives to institutionalize clear digital strategies and continuously improve digital customer experience to achieve sustainable competitive advantage.

Keywords: *Counsellors' Professional Competence, Effectiveness of Guidance Services, Public Secondary Schools*

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1. Introduction

The banking industry, especially money deposit banks, plays a crucial role in the economy of Rivers State, Nigeria, by consolidating savings, enabling effective payment systems in the banking sector, lending credit to business development, and enabling both the government and the business sector. The proper operation of these financial institutions is the key to the economic stability, financial inclusiveness, and sustainable development of the region (Macaulay Enyindah, 2024). The capacity of banks to build and maintain strategic capability has become core to guaranteeing a competitive edge, organizational sustainability, and future prosperity in an ever-competitive and technology-owned world. Strategic capability is the ability of an organization to intentionally combine, develop, and reassemble its internal capabilities and assets to respond to market uncertainties and new market conditions in a

rapidly changing environment, thus aiding the organization to remain competitive in changing environments (Teece, Pisano, & Shuen, 1997).

Under the strategic capability model, three dimensions are fundamental: strategic sensing, strategic seizing, and strategic reconfiguring. Strategic sensing is the process of scanning and interpreting the opportunities and threats of the market and technology; strategic seizing is the process of marshaling resources to capture identified opportunities; and strategic reconfiguring is the process of enabling the bank to adapt its assets and processes to keep pace with new demands and competitive challenges (Teece, 2007). These processes are interrelated and assist banks in foreseeing change and creating services to remain relevant in volatile environments. Digital transformation has become the strategic imperative of banking institutions in the modern digital economy. It involves the implementation and assimilation of digital technologies and practices to improve operational efficiency, service delivery, and customer engagement.

Digital strategy Aligning digital undertakings with organizational objectives, and the digital customer experience through seamless, available, and personalized offerings on the digital platforms is a two-fold dimension of digital transformation that is significant to the banking industry (Elekwachi. & Onwuanaku, 2025). In the case of money deposit banks in Rivers State, digital transformation not only redefined the delivery of services using the Internet and mobile banking platforms but also redefined customers' expectations regarding convenience, speed, and 24/7 access (Priscilla, Onyeka, & Chinelo, 2025). According to the empirical studies, the digital transformation can have a substantial impact on strategic management practices in Nigerian banks, as it can help to improve agility, the decision-making process, and customer satisfaction (Elekwachi. & Onwuanaku, 2025; Macaulay Enyindah, 2024).

Moreover, dynamic capabilities, including sensing and reconfiguration, have been identified to help financial institutions deal with digital disruption and innovation pressures, which underscores the interrelationship between the use of digital technology and strategic capability (ScienceDirect digital transformation and dynamic capabilities research). Nonetheless, despite these revelations, few studies have investigated how digital transformation interrelates with the dimensions of strategic capability to influence the performance of money-lending banks in Rivers State. The study addresses this gap by specifically examining the interactive impact of digital transformation on strategic capability in the specific environment of Rivers State money-lending banks.

1.1 Statement of Problem

Increasingly, the business of money deposit banks in Rivers State is conducted in an unstable economic, technological, and competitive setting. Although these banks play a central role in financial intermediation, business funding, payment infrastructure, and regional development, their survival depends on their capacity to develop and implement strategic capabilities amidst digital disruption. Over the past few years, numerous deposit money banks in Rivers State have engaged in mobile banking, Internet banking, fintech partnerships, and automated service platforms. Nevertheless, the ongoing issues of frequent system failures, inadequate online customer engagement, slow reaction to innovations, cybersecurity issues, and a low level of responsiveness to market changes prove that digital investments do not always lead to improved strategic capacity or better performance results. This raises questions about whether digital transformation programs are strategically based or technology-infused upgrades.

Strategic capability involves the capability to identify emerging opportunities and threats, exploit them using limited resources through effective resource commitment, and reorganize structures and procedures to maintain a benefit (Teece, 2007). Evidence from the banking industry indicates that most institutions are excellent at technology buying but fail to detect new market signals, translate insights into strategically winning moves, and realign old systems and cultures with the new to foster change (Helfat & Peteraf, 2009; Teece, 201). Teece, 2018). This leads to the predicted results of digital transformation (enhanced agility, innovation, and customer-centricity) being disproportionate.

The last gap is the most pronounced in Rivers State, where customers are still subjected to lengthy periods of complaint resolution, disjointed digital service experiences, and sparse personalization, which attribute to a poor strategic sensing and seizing utility. Similarly, digital transformation necessitates a consistent digital strategy and improved digital customer experience, in contrast to technology adoption alone (Bharadwaj, El Sawy, Pavlou, & Venkatraman, 2013; Verhoef et al., 2021). However, in most money-deposit banks, digital initiatives seem to be disjointed, vendor-led, or compliance-led rather than carefully coordinated with organizational capabilities.

Earlier research has either highlighted the adoption of digital technology, quality of service, or performance of the bank, or highlighted dynamic capabilities in general terms without relating them to the actual dimensions of digital transformation, such as digital strategy and digital customer experience. Moreover, there is a paucity of empirical evidence on how digital transformation has a concurrent effect on the strategic sensing, seizing, and reconfiguration capabilities of money-deposit banks in the context of the distinct socioeconomic environment of Rivers State. Thus, the gap in the present research is the absence of clear empirical knowledge about the impact of digital transformation via digital strategy and digital customer experience on the strategic capability of money-deposit banks in Rivers State, especially regarding measures of strategic sensing, seizing, and reconfiguration.

1.2 Objectives of the Study

This study examined the relationship between digital transformation and the strategic capabilities of money-deposit banks in Rivers State. Specific objectives are to;

i. Examine the relationship between digital strategy and strategic sensing of deposit money banks in Rivers State
ii. Relationship between digital strategy and the strategic seizing of deposit money banks in Rivers State
iii. Determine the relationship between digital strategy and strategic reconfiguration of deposit money banks in Rivers State
iv. Determine the relationship between digital customer experience and strategic sensing of deposit money banks in Rivers State
v. Determine the relationship between digital customer experience and strategic seizing of deposit money banks in Rivers State
vi. Influence of digital customer experience and strategic reconfiguration of deposit money banks in Rivers State

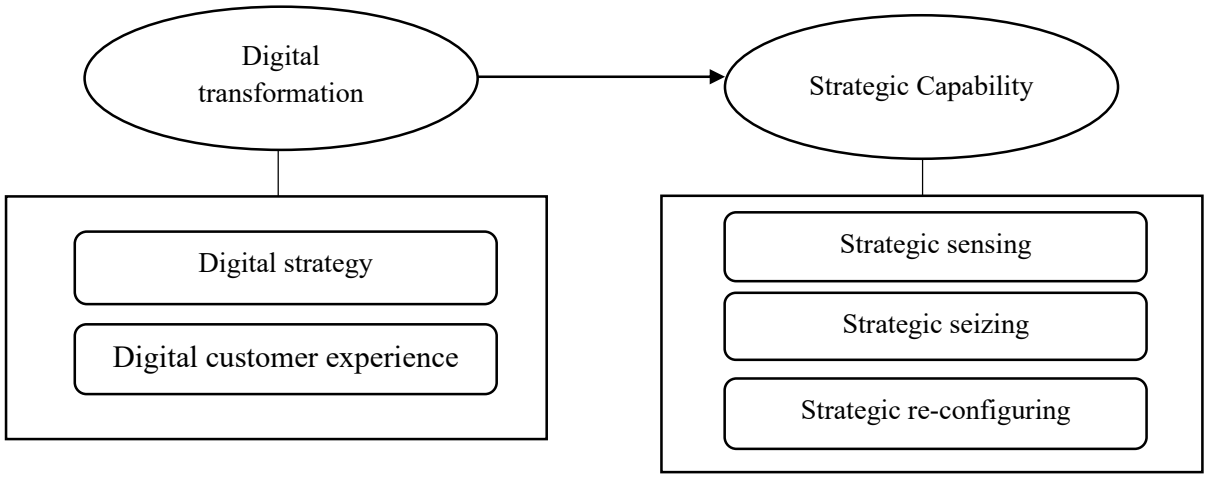
1.3 Research Questions

i. How does digital strategy relate to or influence the strategic capability of deposit money banks in the river state?
ii. What is the relationship between digital strategy and the strategic seizure of money deposit banks in Rivers State?
iii. How does digital strategy relate to the strategic reconfiguration of deposit money banks in Rivers State?
iv. How does digital customer experience relate to the strategic sensing of money-deposit banks?
v. What is the relationship between digital customer experience and the strategic sensing of deposit money banks in river states?
vi. How does digital customer experience influence strategic reconfiguration of deposit money banks in Rivers State/

1.4 Research Hypotheses

$H0_1$: A digital strategy has no significant relationship with the strategic sensing capability of money-deposit banks in Rivers State.
$H0_2$: A digital strategy has no significant relationship with the strategic seizing capability of money-deposit banks in Rivers State.
$H0_3$: A digital strategy has no significant relationship with the strategic reconfiguration capability of money deposit banks in Rivers State.

H0₄: Digital customer experience has no significant relationship with the strategic sensing capability of money-deposit banks in Rivers State.
H0₅: Digital customer experience has no significant relationship with the strategic seizing capability of money deposit banks in Rivers State.
H0₆: Digital customer experience has no significant relationship with the strategic reconfiguration capability of money deposit banks in Rivers State.



2. Literature Review

2.1 Digital Transformation

Digital transformation refers to the dramatic organizational shift that occurs with the incorporation of digital technology into company procedures, organizational structures, and customer interfaces. Verhoef et al. (2021) The contemporary body of literature places an emphasis on the fact that digital transformation encompasses more than just automation; it also includes strategy renewal, the development of new value, and changes to business models. Investments in technology must be aligned with strategic goals, organizational capabilities, and cultural preparedness to accomplish this. Vial (2021) defines digital transformation as a process that enhances an entity by bringing about major changes via the use of digital technology.

This ultimately results in increased user satisfaction and operational efficiency. Digital strategy and digital customer experience are two crucial characteristics that have been highlighted in recent research. Based on Susanti et al.'s (2023) research, digital strategy serves as a blueprint that directs the utilization of technology, development of capabilities, and routes of innovation. It is impossible to achieve sustainable advantage through the deployment of technology if there is no unified digital strategy in place. Utilizing digital platforms to provide services that are seamless, personalized, and interactive is an essential component of the digital customer experience (Blitvich, Fernández-Amaya, & de la O, 2019; Lemon & Verhoef, 2016).

This enables businesses to dramatically shape consumer happiness and loyalty. George and Paul (2020) and Verhoef et al. (2021) have shown a correlation between digital transformation and agility, competitive advantage, performance improvement, and strategic capacity development. This is especially true in dynamic situations, such as in the financial industry. The deployment of legacy systems, skills gaps, cultural opposition, and cybersecurity threats are some of the problems that researchers have reported encountering during this process. The body of research indicates that digital transformation is not only a shift in technology but also a comprehensive organizational transformation that requires a strategic purpose, leadership commitment, and capability reconfiguration inside an organization.

2.2 Digital Strategy

The term "digital strategy" refers to a comprehensive plan that companies implement to make use of digital technology to accomplish their strategic goals, improve the production of value, and maintain their edge over their competitors. According to Bharadwaj et al. (2013), digital strategy places an emphasis on organizational change, new business models, and value delivery that is centered on the customer. This is in contrast to traditional IT strategy, which primarily focuses on infrastructure and automation technology. To generate innovation, operational efficiency, and market response, it includes connecting digital activities with the broader strategy of the corporation. Recent research supports the idea that digital strategy is an essential component in the process of digital transformation. On the other hand, businesses that are driven by a clear digital strategic roadmap are better equipped to marshal resources, manage disruption, and scale innovations, according to Verhoef et al. (2021)

This suggests that organizations that regard digital efforts as discrete projects frequently underperform. Decisions regarding data analytics, platform utilization, collaboration with fintech companies, and user interfaces are all influenced by digital strategy. These topics are particularly pertinent to financial institutions. According to Liu, Hua, Zhang, Li, and Huang (2021) , digital strategy in the banking industry enables real-time service delivery, integration of many channels, readiness to deal with cybersecurity threats, and personalization of the customer experience. A robust digital strategy also improves organizational agility by helping businesses detect shifts in technology trends and react proactively to challenges from competitors.

According to Kane (2019), the success of digital projects is determined not only by technology but also by the dedication of leadership and the clarity of strategic planning. Another point to consider is that strategic capacity is directly connected to digital strategy. This provides direction for the development of capabilities necessary for exploiting digital possibilities and managing risks. Investments in technologies, such as mobile banking, artificial intelligence, or cloud platforms, may not result in enhanced performance or a strategic advantage if there is no comprehensive digital strategy in place.

2.3 Digital Customer Experience

Across all digital touchpoints, including mobile applications, online banking platforms, chat interfaces, and social media channels, the term "digital customer experience" (DCX) refers to the collective views and interactions that consumers have with an organization. According to Lemon and Verhoef (2016), it encompasses not only usability but also feelings, trust, personalization, responsiveness, and perceptions of value that are generated in digital spheres. The rising digitalization of the financial industry, rivalry from fintech companies, and shifting expectations for services that are smooth, quick, and safe have all contributed to the centralization of digital currency exchange (DCX) (Verhoef et al., 2021).

Recent research indicates that DCX has a significant impact on several aspects of financial institutions, including customer happiness, loyalty, and competitive posture. According to Veloso and Gomez-Suarez (2023), a successful DCX incorporates a user interface design that is intuitive, the dependability of digital platforms, personalization achieved by data analytics, and efficient service recovery procedures. Banks that have a superior digital customer experience are in a better position to attract consumers knowledgeable about technology and to improve their organizational agility. Customer experience has been transformed from a support function into a strategic competence as a result of activities pertaining to digital transformation! To maintain their competitive edge, businesses use DCX to detect shifting customer preferences, grasp opportunities for innovation, and restructure internal processes (Teece, 2018). Teece, 2018).

The quality of the digital experience is still impacted by obstacles in emerging economies (Mbama & Ezepue, 2018). These obstacles include system downtimes, worries about cybersecurity, poor interface design, and insufficient financial literacy. Mobile banking, chatbots powered by artificial intelligence, and omnichannel service delivery are examples of technologies that continue to boost customer engagement and confidence.

2.4 Strategic Capability

An organization's capacity to deploy and renew its resources, abilities, and routines in a manner that enables it to acquire and maintain a competitive edge in contexts that are constantly changing is referred to as its strategic capability. David J Teece et al. (1997) and Eisenhardt and Martin (2017) both state that strategic capability is rooted in the dynamic capabilities view. This perspective emphasizes not only the possession of resources but also the ability to integrate, reconfigure, and exploit those resources to respond to opportunities and threats. Owing to its role as the foundation for innovation, adaptation, and strategy renewal, it is increasingly recognized as essential to the survival and success of businesses in technology-driven environments (Schilke, Hu, & Helfat, 2018).

In contemporary academic discourse, strategic capacity is conceptualized as consisting of three interconnected processes: sensing, seizing, and reconfiguration. Sensing is the act of monitoring and analyzing changes in the market and technology landscape; seizing is the process of mobilizing resources to seize opportunities that have been identified; and reconfiguration is the process of realigning structures, assets, and processes to maintain a competitive edge (Teece, 2007). Owing to these characteristics, organizations can avoid strategic rigidity and regularly update their strategic stances. The findings of empirical research published by (D. Teece, Peteraf, & Leih, 2016) indicate that businesses that possess superior strategic competencies exhibit greater agility, innovative results, and resilience in contexts that are prone to volatility.

The strategic competence of an organisation is intricately connected to the digital transformation projects that are being undertaken in this era. Using digital technologies, new data flows and consumer interfaces are created, which enhance sensing capabilities, promote quick seizing through data-driven decision making, and facilitate re-configuration through platformization and process redesign (Verhoef et al., 2021). Therefore, strategic capacity is no longer restricted to only focusing on internal efficiency; rather, it is increasingly including the orchestration of ecosystems, information, and technology. However, academics also point out that investments in technology do not, on their own, generate strategic competence. According to (Helfat & Peteraf, 2009), organizational learning, leadership, and alignment are necessary components for transforming digital projects into a sustainable strategic advantage.

2.5 Strategic Sensing

Strategic sensing refers to an organization's ability to continuously monitor, assess, and forecast changes in the external environment. This ability is an essential component of every successful business. Trends in the market, movements in technology, advancements in legislation, and evolving customer expectations are examples of such changes. According to In terms of dynamic capabilitiesceorganizations have8thetcapacity to detect opportunities and risks before theirfcompetitors doabilities. When it comes to dynamic capabilities, it has the capacity to help organisations to detect opportunities and risks before their competitors do. By employing strategic sensing, businesses have the potential to accomplish a number of objectives, including the development of foresight, the reduction of uncertainty, and the positioning of themselves to respond proactively rather than reactively in chaotic environments (Barrales-Molina, Martínez-López, & Gázquez-Abad, 2014).

Recent research highlights that strategic sensing is not a one-time effort but rather an ongoing organizational process that is imprinted in the attention of leadership, information systems, and analytical skills (Riviere, Zámborský, & Dumoulin, 2025). According to Jiang, Mavondo, and Matanda (2015), its functioning makes use of both formal and informal procedures, such as managerial intuition and frontline learning. Formal mechanisms consist of customer feedback platforms, market intelligence tools, and big data analytics. Sensing capability is strengthened in settings that are becoming increasingly digital, as a result of digital technologies that promote real-time data collection and environmental scanning, which ultimately results in an improvement in the quality of strategic decision-making.

Strategic sensing has been shown to be connected with the rate of innovation, adaptability, and competitive advantage, particularly in dynamic industries such as banking and information and

communication technology (Kump, Engelmann, Kessler, & Schweiger, 2019; Wilden, Gudergan, Nielsen, & Lings, 2013). This has been proven through empirical research, which has shown that strategic sensing is associated with these factors. To recognize digital disruption, alter their strategies, and align their resources with new opportunities, organizations that possess robust sensing skills are in a better position to do so. In contrast, a lack of sensing capacities has been related to strategic stagnation and a delayed response to changes in the market. Another relevant finding was made.

2.6 Strategic Seizing

One of the most important aspects of dynamic capacities is strategic seizing, which enables organizations to transform possibilities that they perceive into tangible strategic actions. This process entails the mobilization and deployment of resources, the selection of relevant business models, and the making of strategic choices that enable businesses to capitalize on opportunities and changes in the environment (Warner & Wäger, 2019). Seizing, in contrast, emphasizes acting on such insights through investment decisions, organizational alignment, and resource commitment. In summary, sensing is concerned with detecting opportunities and risks, whereas seizing is concerned with acting on those insights.

According to David J Teece (2007), successful grabbing capabilities guarantees that an organisation not only recognises lucrative chances but also responds effectively and rapidly, aligning internal procedures and external relationships to capitalise on such opportunities. The processes of strategic decision making and business model innovation are strongly connected to the process of strategic seizing. The design of value-capturing mechanisms, the realignment of business boundaries, and the selection of technologies and procedures that promote competitive advantage are all included in this process (Sirmon, Hitt, & Ireland, 2007; Teece, 20070). Teece, 2007). Teece, 2007). Teece, 2007). For financial institutions and other service organizations, this may entail the adoption of digital platforms, the reorganization of service delivery, and the formation of strategic partnerships to better position themselves in digital marketplaces (Sirmon et al., 2007; David J. Teece, 2007). Teece, 2007). Teece, 2007). Teece, 2007). Teece, 2007). Teece, 2007). Teece, 2007). Teece, 2007). Teece, 2007). Teece, 2007). Teece, 2007). Teece, 2007).

In addition, recent research has shown that seizing capability is not simply about being able to react quickly; rather, it necessitates strategic alignment, cross-functional integration, and efficient governance to guarantee that opportunities are transformed into long-term competitive outcomes (Teece, 2007). Furthermore, as digital transformation speeds up industrial change, the capacity to exploit the possibilities presented by digital technology becomes increasingly vital. Companies can incorporate digital technologies into their strategic objectives, invest in scalable digital assets, and restructure their organizational structures to capture growing value (Warner & Wäger, 2019). These capacities are referred to as "acquiring capabilities." Consequently, strategic seizing is an essential component in the process of bridging the gap between environmental sensing and dynamic reconfiguration, which is essential for achieving resilience and growth in modern company contexts.

2.7 Strategic Re-Configuring

The capacity of an organization to continually reconfigure its resource base, processes, and routines in response to changes in the organization's environment, demands from competitors, and disruptions brought about by technology advancements is referred to as strategic reconfiguration. As a component of the dynamic capabilities framework, reconfiguration enables businesses to realign their internal operations and strategic posture to capitalize on new opportunities and reduce the impact of threats (Teece, 2007).

This competence extends beyond operational efficiency and encompasses the intentional transformation of organizational assets, structures, and business models to maintain competitiveness in contexts prone to volatility. A recent study highlighted the need for strategic reconfiguration, particularly in situations characterized by fast technological change. For instance, to maintain their relevance in the face of digital disruption, financial institutions need to restructure their operations, adopt new technology, and rethink their approaches to consumer Froehlich, Reinhardt, Schreiber, and Eberle (2025) both agree that

reconfiguring capability requires not only technological modifications but also cultural and governance shifts that foster creativity and flexibility.

This perspective is supported by the findings of both groups. Additionally, studies have shown that businesses with excellent re-configuring skills are in a better position to incorporate digital transformation projects into their strategic operations. These initiatives include cloud computing, artificial intelligence, and mobile banking. Consequently, these businesses are able to increase both market value generation and customer satisfaction.

There is more evidence from academic research suggesting that strategic reconfiguration works in conjunction with other dynamic capacities, sensing, and seizing, to promote complete adaptability and long-term performance. According to Mwanza and Dar (2025), businesses that successfully reorganize their resource allocations and strategic direction are able to make a quicker transition to digital business models and effectively compete in markets characterized by uncertainty. Reconfiguring is a dynamic and ongoing process that is essential for strategy renewal, particularly in industries that are facing digital upheaval, such as banking. This is emphasized throughout the body of research that has been conducted.

2.8 Theoretical Framework

2.8.1 Dynamic Capabilities Theory (DCT)

Dynamic capabilities theory assumes that a firm can maintain a competitive advantage based not only on its resources but also its capability to incorporate, develop, and reorganize internal and external competencies when there is a quick change in the environment (Teece et al., 1997). Dynamic capabilities are frequently characterized as three interconnected dimensions: strategic sensing (capturing opportunities and threats), strategic seizing (pulling resources to take opportunities), and strategic reconfiguration (realigning assets, processes, and structures to maintain an advantage; Teece, 2007).

This theory can be applied to the situation of money deposit banks in Rivers State to understand how the digitalization of change initiatives, including implementing mobile banking solutions, AI-based customer service, and cloud-based solutions, can enhance strategic capability. Financial institutions that gain proper insight into market dynamics, capitalize on technological foresight, and restructure internal operations are in a better position to stay competitive and enhance customer experience, as well as adjust to regulatory or market shocks. Empirical research points out that dynamic capabilities are especially important in digitally disrupted industries, where dynamic investments can enable organizations to transform digital investments into long-lasting strategic (Froehlich et al., 2025)

2.8.2 Technology-Organization-Environment (TOE) Framework

To explain the factors that lead to the adoption and implementation of technology in organizations, Tornatzky and Fleischer (1990) formulated the technology-organization-environment (TOE) framework. The theory assumes that three contexts determine adoption:

a. Technological context: the technological factors available to the firm, both internal and external, as well as relative advantage, compatibility, and complexity.
b. firm size, resources, managerial structure, and the ability to utilize technology.
c. Environmental context: industry, competition, regulatory environment, and market trends.

When applied to money deposit banks in Rivers State, TOE describes how digital transformation initiatives (digital strategy and digital customer experience) are embraced and coordinated with strategic capabilities. The combination of technological resources of the banks and managerial and regulatory pressures interacts to influence the effectiveness of the integration of digital solutions in core operations. Research indicates that companies that have excellent organizational support and environmental fit perform better in their ability to transform technology adoption to strategic sensing, seizing, and re-configuring services (Elekwachi. & Onwuanaku, 2025; Oliveira & Martins, 2011). This renders TOE appropriate for finding answers to how digital transformation can facilitate strategic capabilities in financial institutions.

2.9 Empirical Review

Table 1. Empirical review

Author(s)/ Year	Country	Topic/ Objectives	Methodology	Findings	Conclusion	Gaps	Comparison with Current Study
Macaulay Enyindah (2024)	Nigeria	Investigated the impact of digital transformation on strategic management practices of deposit money banks in Rivers State; examine effect of technological advancement and customer expectations on decision-making and agile strategy	Quantitative; Sample of 170 employees from 5 banks; structured questionnaire; Pearson's Product-Moment Correlation	Changing customer expectations significantly impact enhanced decision-making and agile strategy; technological advancement not significant	Aligning strategic management practices with evolving customer expectations improves decision-making and agility	Limited focus on specific digital strategy and digital customer experience dimensions	Current study expands by examining specific dimensions of digital transformation (digital strategy & digital customer experience) and their relationship with strategic capability dimensions (sensing, seizing, re-configuring)
Musau and Muathe (2025)	Kenya	Analyzed impact of digital transformation strategies on competitive advantage in commercial banks; evaluate service automation, mobile banking, data analytics, employee	Descriptive design; 39 commercial banks; 412 functional heads; multi-stage sampling; structured questionnaire; Cronbach's alpha; descriptive & inferential stats	All five digital transformation strategies impacted competitive advantage, though contributions differed	Banks must integrate digital technologies strategically to improve customer experience and value creation	Limited focus on strategic capability; country context differs	Current study investigates influence of digital transformation on strategic capability of money deposit banks in Rivers State, focusing on sensing, seizing, and re-

		upskilling, digital payments					configuring
(Abdurrahman, 2025)	Indonesia	Examined impact of digital transformation on digital product innovation using integration of RBV and dynamic capabilities; investigate DT as mediating mechanism	Quantitative; 355 banking professionals across 51 banks; PLS-SEM	Unique resources, IT/digital capabilities, strategic orientation, collaboration, complementary resources, and dynamic capabilities positively influence DT; DT enhances digital product innovation	DT partially mediates transformation of resources into innovation outcomes	Focused on digital product innovation, not strategic capability; different national context	Current study focuses on strategic capability in Nigerian context, applying dynamic capabilities in relation to digital transformation
Bakwuye, Dokai-Okonkwo, and Odor (2025)	Nigeria	Examined impact of digital banking (e-banking, mobile banking, USSD, AI) on CRM in commercial banks	Quantitative; 300 bank customers & employees; structured questionnaire	E-banking, mobile banking, USSD, AI significantly impact CRM; e-banking most significant; AI less pronounced	Banks must invest in secure, user-friendly digital platforms to enhance customer experience and competitive advantage	Focused on customer relationship management rather than strategic capability	Current study links digital customer experience to strategic capability dimensions (sensing, seizing, re-configuring)
Kappil and Santhi (2025)	India	In-depth analysis of service quality and user satisfaction in e-banking; develop EBSQ scale	Quantitative; 183 digital banking customers; structured questionnaire; PLS-SEM	Customer satisfaction highly influenced by reliability, website design, privacy & security; customer	Digital service quality critical to customer satisfaction and engagement	Limited focus on strategic management and capability	Current study extends investigation to strategic capability of banks in Rivers State

				involvement moderates' reliability & design impact			
Wakhidah, Ashari, and Adifan (2025)	Indonesia	Analyze impact of digitalization of banking services on customer experience and loyalty	Literature review of related studies and theoretical approaches	Mobile banking apps and AI enhance customer satisfaction via accessibility, security, personalization; quality of digital interactions builds loyalty	Banks need digital innovations that prioritize customer experience for long-term competitive advantage	Secondary data only; lacks empirical testing in local context	Current study empirical examines digital customer experience and its effect on strategic capability in Rivers State

3. Methodology

A cross-sectional study was conducted as a quasi-experimental method because research may take place under a variety of circumstances. The recipients of this communication were department heads and managers from each of the 21 (21) DMBs located in Rivers State. A group of consumers from 15 different DMBs in Rivers State was selected by the researchers based on their convenience in using the banks' services. 132 managers and department heads were given the opportunity to participate across all fifteen companies.

The methodology developed by Taro Yamane was utilised in order to determine the sample size of 99. In contrast, questionnaires were developed to gather qualitative data for this study. In total, approximately 99 different survey tools were created. Out of the total of 99 questionnaires, two were not completed, and six were filled out incorrectly. This made certain that each and every one of the ninety-one (91) surveys was accounted for in the ultimate total. Because Cronbach's alpha of the statement items was higher than the criterion of 0.70, we can conclude that the statement items are trustworthy. To analyze the data, the Pearson Moment Correlation Coefficient was also utilized.

3.1 Univariate Analysis

Table 2. Univariate analysis

Statement Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
Digital Strategy							
Our bank integrates digital tools into its core strategy to enhance its performance.	6	14	28	80	32	3.62	0.95
Digital investments align with long-term strategic goals.	8	18	26	78	30	3.58	0.91

The bank uses digital platforms to analyze market trends for strategic decision-making.	10	16	30	74	30	3.52	0.97
Management prioritizes digital innovation in strategic planning.	6	20	28	76	30	3.60	0.92
A digital strategy was communicated clearly to all employees to guide operations.	8	18	32	72	30	3.55	0.94
Digital Customer Experience							
Our bank provides seamless digital banking services to customers.	6	12	28	82	28	3.65	0.93
Customer feedback has been integrated into digital service improvements.	8	18	26	78	30	3.58	0.91
Mobile and online banking platforms are user-friendly and reliable.	10	16	30	74	30	3.52	0.97
AI and chatbots have been used to enhance digital customer support.	6	14	32	78	30	3.60	0.92
The bank ensures personalized digital experiences for each customer.	8	16	28	76	32	3.58	0.94
Strategic Sensing							
Our bank monitors market trends to anticipate customer needs.	6	12	32	80	32	3.65	0.91
We regularly scanned technological developments to identify strategic opportunities.	8	18	28	74	30	3.56	0.94
Management actively identifies competitive threats using digital data.	10	16	30	72	32	3.54	0.96
We tracked customer behavior online to inform strategic decisions.	6	14	28	80	32	3.62	0.93
Early warning systems are used to detect shifts in the banking environment.	8	16	30	76	32	3.58	0.95
Strategic Seizing							
Our bank mobilizes resources quickly to capitalize on digital opportunities.	6	12	30	78	32	3.62	0.93
Management implements innovative projects in response to market trends.	8	18	28	74	30	3.56	0.92

Investments are directed toward areas with the highest strategic potential.	10	16	30	72	32	3.54	0.95
Collaboration with fintech companies is pursued to seize market opportunities.	6	14	28	80	32	3.60	0.94
We prioritize initiatives that improve customer experience and profitability.	8	16	32	76	30	3.58	0.96
Strategic Re-configuring							
Our bank has adapted its processes to align with new digital technologies.	6	12	28	82	32	3.65	0.92
Resources and assets are reallocated to support emerging strategies.	8	18	30	74	32	3.58	0.94
Legacy systems have been updated or replaced to enhance their efficiency.	10	16	32	72	32	3.54	0.95
The organizational structure is flexible to accommodate digital transformation.	6	14	30	78	32	3.60	0.93
Continuous improvement practices ensure alignment with digital goals.	8	16	28	76	32	3.58	0.94

The analysis of the study variables indicates that digital transformation has a significant impact on the strategic capability of money deposit banks in Rivers State. The mean score of the respondents' responses was 3.52–3.62 with a standard deviation of 0.91–0.97 for digital strategy being extensively incorporated into the banking operations of the institutions for the analysis of market trends for strategic purposes. Correspondingly, the digital customer experience (mean = 3.52-3.65, SD = 0.91-0.94) is also identified to be of prime importance, where digital platforms, AI-based services, or personal banking experiences are enhancing customer engagement, loyalty, and access.

Regarding strategic sensing, the respondents (mean 3.54-3.65, SD 0.91-0.96) indicated that banks closely monitor market trends, technological shifts, and customer activities, thus demonstrating their capability to sense opportunities and threats. In strategic seizing, mean values of 3.54-3.62 with small SDs indicated that banks effectively use resources, execute innovations, and mobilize strategic partnerships to seize emerging opportunities. In strategic reconfiguration (mean 3.54-3.65, SD 0.92-0.95), the adaptations of processes, resource shifting, and bends towards structures by banks to fit digital strategies were evident. It was found that there was a strong belief that digital transformation, both in digital strategy and digital customer experience, has a strong impact on the dimensions of strategic flexibility (sensing, seizing, and reconfiguring) in money-deposit banks. This indicates that money-deposit banks use digital transformation initiatives not only to optimize efficiency but also to maintain a competitive advantage in a digital environment.

4. Result and Discussion

4.1. Result

4.1.1 Digital Strategy and Strategic Capability ($H0_1$-$H0_3$)

Table 3. Digital strategy and strategic capability ($H0_1$-$H0_3$)

Correlations					
		Digital Strategy	**Strategic Sensing**	**Strategic Seizing**	**Strategic_ Re-Configuring**
Digital_ Strategy	Pearson Correlation	1	.830**	.712**	.646**
	Sig. (2-tailed)		.000	.000	.000
	N	91	91	91	91
Strategic Sensing	Pearson Correlation	.830**	1	.755**	.792**
	Sig. (2-tailed)	.000		.000	.000
	N	91	91	91	91
Strategic Seizing	Pearson Correlation	.712**	.755**	1	.888**
	Sig. (2-tailed)	.000	.000		.000
	N	91	91	91	91
Strategic-Configuri ng	Pearson Correlation	.646**	.792**	.888**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	91	91	91	91
**. Correlation is significant at the 0.01 level (2-tailed).					

The correlation analysis output shows that digital strategy is positively and strongly correlated with all the dimensions of strategic capability in money-deposit banks. More precisely, digital strategy is strongly correlated with strategnsing with ($r = 0.830$, $p < .01$), strategic seizing ($r = 0.712$, $p < .01$), and strategic recuring with ($r = 0.646$, $p < .01$). In contrast, the high intercorrelations between the dimensions of strategic capabilities suggest that achievements in any dimension positively correlate with achievements in other dimensions. These results clearly demonstrate that digital strategy positively and strongly influences the ability of money-deposit banks to sense opportunities in the marketplace, seize opportunities, and reconfigure in response to new opportunities, thereby reasserting its importance in improving overall strategic capabilities.

4.1.2 Digital Customer Experience and Strategic Capability ($H0_4$-$H0_6$)

Table 4. Digital Customer Experience and Strategic Capability ($H0_4$-$H0_6$)

Correlations					
		Digital Customer Experience	**Strategic Sensing**	**Strategic Seizing**	**Strategic Re-Configuring**
Digital Customer Experience	Pearson Correlation	1	.758**	.822**	.679**
	Sig. (2-tailed)		.000	.000	.000
	N	91	91	91	91
Strategic Sensing	Pearson Correlation	.758**	1	.631**	.709**
	Sig. (2-tailed)	.000		.000	.000
	N	91	91	91	91
Strategic Seizing	Pearson Correlation	.822**	.631**	1	.796**
	Sig. (2-tailed)	.000	.000		.000
	N	91	91	91	91

Strategic_ Re-Configuring	Pearson Correlation	.679**	.709**	.796**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	91	91	91	91
**. Correlation is significant at the 0.01 level (2-tailed).					

The correlation matrix shows that there is a strong positive association between digital customer experience and all dimensions of strategic capability for money-deposit banks. In particular, there is a very high positive association between digital customer experience and strategic sensing ($r = 0.758$, $p < 0.01$), strategic seizing ($r = 0.822$, $p < 0.01$), and strategic reconfiguring ($r = 0.679$, $p < 0.01$), indicating that an improved digital customer experience is positively associated with improved strategic sensing, strategic seizing, and strategic reconfiguring. The association between strategic sensing, strategic seizing, and strategic reconfiguring is also very high and positive, indicating that strategic sensing and strategic seizing are positively associated with strategic reconfiguring.

4.2 Discussion of Findings

The relationships between the digital transformation variables of digital strategy and digital customer experience, as well as the strategic capability of MD banks in Rivers State, were investigated using strategic sensing, strategic seizing, and strategic reconfiguration as measures. The results showed that all the hypotheses ($H0_1$ to $H0_6$) were accepted, and there was a positive relationship between digital transformation and the measures of strategic capability.

4.2.1 Digital Strategy and Strategic Capability ($H0_1$-$H0_3$)

The results indicate that digital strategy significantly relates to the strategic sensing, seizing, and reconfiguration capabilities of money-deposit banks. This finding supports the dynamic capabilities theory, which postulates that organizations must continuously integrate, build, and reconfigure internal and external competencies as changes occur in the environment. Macaulay Enyindah (2024) made a related observation: banks that implement digital strategies through close alignment with evolving customer expectations enhance their capacities to sense emerging market trends and make agile strategic decisions.

Additionally, Musau and Muathe (2025) described that the strategic integration of digital initiatives, rather than mere technology adoption, enables an improvement in the capacity of a bank to seize an opportunity and reconfigure resources for the attainment of sustainable competitive advantages. Therefore, these findings suggest that deliberate digital strategic planning tightens banks' capabilities to anticipate market shifts, resource mobilization, and process adjustments.

4.2.2 Digital Customer Experience and Strategic Capability ($H0_4$-$H0_6$)

This study also evidenced that all dimensions of strategic capability were significantly influenced by digital customer experience. This supports the view that customer-oriented digital initiatives, such as e-banking, mobile banking, AI-enabled services, and USSD platforms, build an organization's capacity to sense customer needs, seize market opportunities, and reconfigure processes accordingly. As suggested by Bakwuye et al. (2025) and Wakhidah et al. (2025), Kappil and Santhi (2025) further commented that high-quality digital service delivery enhances customer satisfaction, which, in turn, stimulates mechanisms that are essential for sensing and responding to market demands. Abdurrahman (2025) also noted that integrating digital customer experience into resource-based and dynamic capability frameworks promotes digital product innovation and further strengthens the strategic adaptability of banks.

5. Conclusions

5.1 Conclusion

This study examined the effect of digital transformation, consisting of digital strategy and digital customer experience, on the strategic capability of money deposit banks in river states in terms of strategic sensing, strategic seizing, and strategic reconfiguration. The results show a positive

relationship between the dimensions of strategic capability and digital strategy and digital customer experience. This indicates that a bank with a properly designed digital strategy and a positive digital customer experience can function properly in terms of sensing the environment and reconfiguring its processes to remain competitive in the digital environment. In general, this study emphasizes that digital transformation is a critical driver in determining the strategic capability of a bank; therefore, the adoption of digital transformation in the management of banks in a river state can make them innovative and competitive.

5.2 Research Limitations

This study has several limitations that should be acknowledged. First, the research was limited to money deposit banks in Rivers State, Nigeria, which may restrict the generalizability of the findings to other regions or countries with different economic and technological contexts. Second, the study employed a cross-sectional research design, which captures data at a single point in time and may not fully reflect dynamic changes in digital transformation and strategic capability over time. Third, the use of self-reported questionnaire data may introduce response bias, as respondents may provide socially desirable answers. Finally, the study focused only on two dimensions of digital transformation (digital strategy and digital customer experience), excluding other relevant factors such as digital infrastructure, organizational culture, and leadership.

5.3 Suggestions and Directions for Future Research

Future research should expand the scope of this study by including a wider geographical coverage, such as multiple states or countries, to enhance the generalizability of the findings. Longitudinal studies are also recommended to examine how digital transformation and strategic capability evolve over time. In addition, future researchers should consider incorporating other dimensions of digital transformation, such as digital innovation, digital leadership, and technological capability, to provide a more comprehensive understanding. The use of advanced analytical techniques, such as structural equation modeling (SEM), is also suggested to explore causal relationships among variables. Furthermore, comparative studies between traditional banks and fintech institutions could provide deeper insights into how different organizational models leverage digital transformation to build strategic capability.

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